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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re) Chapter 11
)
SEARS HOLDINGS CORPORATION, et al., ¹) Case No. 18-23538 (RDD)
)
Debtors.) (Jointly Administered)
)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

**FEE EXAMINER'S STATEMENT REGARDING FIRST
INTERIM FEE APPLICATION, SECOND INTERIM FEE APPLICATION,
AND THIRD AND FINAL FEE APPLICATION OF
DELOITTE TRANSACTIONS AND BUSINESS ANALYTICS LLP**

Paul E. Harner, as fee examiner (the “Fee Examiner”), respectfully submits this statement regarding his review of the *First Interim Application of Deloitte Transactions and Business Analytics LLP for Compensation for Services Rendered and Reimbursement of Expenses Incurred as Bankruptcy Advisor from November 1, 2018 Through February 28, 2019* [Docket No. 3213] (the “First Interim Application”), the *Second Interim Application of Deloitte Transactions and Business Analytics LLP for Compensation for Services Rendered and Reimbursement of Expenses Incurred as Bankruptcy Advisor from March 1, 2018 Through June 30, 2019* [Docket No. 4827] (the “Second Interim Application”), and the *Third Interim Application of Deloitte Transactions and Business Analytics LLP for Compensation for Services Rendered and Reimbursement of Expenses Incurred as Bankruptcy Advisor from November 1, 2018 Through September 30, 2019* [Docket No. 7960] (the “Final Application” and together with the First Interim Application and the Second Interim Application, the “Applications”).

Background

1. On October 15, 2018, Sears Holdings Corporation and certain of its affiliates (the “Debtors”) commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. On April 22, 2019, the Court entered its *Order Authorizing Appointment of Independent Fee Examiner Pursuant to 11 U.S.C. § 105(a) and Modifying Interim Compensation Procedures for Certain Professionals Employed Pursuant to 11 U.S.C. § 327* [Docket No. 3307] (the “Fee Examiner Order”). At the direction of the Court, the Office of the United States Trustee appointed the Fee Examiner to monitor the fees and expenses incurred by professionals retained in these chapter 11 cases and to provide periodic reports regarding the fee applications submitted for approval by such professionals, with or without a filed objection.

3. On January 4, 2019, the Debtors filed the *Application of Debtors for Authority to Retain Deloitte Transactions and Business Analytics for Bankruptcy Advisory Services Nunc Pro Tunc to October 29, 2018* [Docket No. 1495]. On January 22, 2019 the Court entered an order [Docket No. 1734] approving the retention of DTBA to provide bankruptcy advisory services for the Debtors.

4. On April 15, 2019, DTBA filed the First Interim Application, seeking interim approval of fees and expenses in the amount of \$5,771,698.85 for the period November 1, 2018 through February 28, 2019. On August 13, 2019, DTBA filed the Second Interim Application seeking interim approval of fees and expenses in the amount of \$2,277,661.70 for the period March 1, 2019 through June 1, 2019. On May 15, 2020, DTBA filed the Final Application, seeking approval, on a final basis, of fees and expenses in the total amount of \$8,571,360.68 for the period November 1, 2018 through September 30, 2019 (the “Compensation Period”).

Statement

5. As required by the Fee Examiner Order, the Fee Examiner has completed a detailed review of the Applications. In that connection, the Fee Examiner prepared a preliminary report that identified potentially objectionable fee entries slightly in excess of \$1 million. DTBA,

however, voluntarily reduced the fees requested in the Final Application by a total of \$978,123 and the Fee Examiner's aggregate objections exceeded this sum only immaterially. In addition, the Fee Examiner identified approximately \$13,000 in meal expenses that failed to comply with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases. DTBA now has agreed to reduce the expense reimbursement sought in the Applications by that amount.

6. The Fee Examiner recognizes and appreciates DTBA's proactive and cooperative efforts in voluntarily reducing its fees and expenses, particularly given his overall concerns regarding the magnitude of professional fees and expenses thus far incurred in these chapter 11 cases. The Fee Examiner accordingly has no objection to the approval of the Final Application, subject to the adjustments described above and the final form of proposed order granting such relief will reflect the indicated, agreed-upon reductions in allowed fees and expenses.

Dated: July 10, 2020

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Fee Examiner

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